

# **FISCAL NOTE**

## **SB 829 - HB 724**

April 19, 2001

### **SUMMARY OF BILL:**

1. Replaces the TennCare program with a health insurance pool for uninsured and uninsurable persons and a managed care program for persons who qualify for Medicaid.
2. Requires the Commissioner of Finance and Administration to select an eleven member board of directors to manage the pool.
3. Requires the board to:
  - Submit an annual financial report to the Commissioner of Finance and Administration.
  - Establish a periodic billing basis for premiums
  - Establish benefits and exclusions for the pool
  - Establish a Medicare supplement plan
4. Requires all insurers that issue health insurance in Tennessee and all HMO's to join the health insurance pool.
5. Provides that the pool would be funded from premiums from plan participants, state appropriations and to the extent premiums and state appropriations do not cover the pool's claims payments, assessments against pool members.
6. Requires the Commissioner of Health to develop and provide a Medicaid program consisting of a managed care program and to develop a transition plan for moving persons who qualify for Medicaid from TennCare to the new program.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures - \$49,000,000**

**Increase State Revenues - \$5,000,000/Health Insurance Pool**

**Decrease State Revenues - \$13,500,000/General Fund**

#### **Other Fiscal Impact:**

**Decrease Federal Expenditures \$574,000,000**

**To the extent the state is able to again participate in Disproportionate Share Hospital Payments, there would be an increase in state expenditures of approximately \$159,000,000 to provide a required state match and an increase in federal revenues of approximately \$279,000,000.**

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Estimate assumes:

- A significant decrease in the number of non-Medicaid enrollees in the program.
- An estimated increase in charity care provided by local governments.
- A decrease in federal funding estimated at \$574,000,000 which includes a reduction in federal CPE funds of \$171,494,000 which require no state match.
- An increase in state revenues to the Health Insurance Pool Fund estimated at \$5,000,000 from additional premiums.
- A decrease in state revenues estimated at \$13,500,000 from reduced premium taxes currently paid by managed care organized organizations in the TennCare program.
- The state may become eligible for federal DSH payments of an estimated \$279,000,000 which would require a state match of \$159,000,000.
- A shift of administrative resources from the TennCare Bureau to the Department of Health to administer the health care program for persons that are Medicaid eligible.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director